

Message Text

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PAGE 01 BRASIL 07436 261349Z

41

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOTe-00 INR-07 NSAE-00 FAA-00 L-03 SCA-01 SP-02 PM-04

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P 261255Z AUG 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 1147

INFO AMCONSUL RIO DE JANEIRO PRIORITY

AMCONSUL SAO PAULO PRIORITY

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E.O.11652: N/A

TAGS: EAIR, BR

SUBJECT: CIVAIR: PANAM DISCUSSIONS WITH LOCAL AIRLINES

TO ESTABLISH GALEAO/CONGONHAS SHUTTLE

REF: A. BRASILIA 7225 B. BRASILIA 7380

1. SUMMARY: PANAM REPRESENTATIVE A.L. RAUSCHENPLAT
LAST WEEK DISCUSSED POSSIBILITY OF USING DOMESTIC CHARTERS
IN PANAM'S OPERATIONS WITH CONGEN RIO OFFICERS.
RAUSCHENPLAT NOTED VARIG IS ATTEMPTING TO SET
HIGH MINIMUM PRICES FOR SUCH CHARTERS. HE ALSO
IS CONCERNED OVER ESCALATION OF CONGONHAS
DISPUT. RAUSCHENPLAT WOULD LIKE TO
PREVENT PROPOSED US/BRAZIL BILATERAL
CONSULTATIONS BY REACHING INFORMAL AGREEMENT
WITH DAC OVER CONGONHAS. RAUSCHENPLAT
MENTIONED POSSIBILITY OF PANAM NEW YORK RIO/SAO
PAULO-BUENOS AIRES ROUTE BEGINNING IN SPRING, 1976.
END SUMMARY.

2. LOCAL PANAM REPRESENTATIVE RAUSCHENPLAT HAS
RETURNED TO RIO FROM EXTENDED VACATION AND HAS
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PAGE 02 BRASIL 07436 261349Z

OFFERED FOLLOWING COMMENTS REGARDING DOMESTIC

CHARTERING OF AIRCRAFT TO FERRY PASSENGERS BETWEEN CONGONHAS AND GALEAO. PANAM DID NOT INITIATE CONTACT WITH VASP AS REPORTED REFTEL A BUT IS RESPONDING TO VASP INQUIRY REGARDING THE LEASING OF TWO 727 JETS FOR CHARTERING OPERATIONS. TALKS WITH VASP OFFICIALS APPARENTLY NOW TAKING PLACE IN NEW YORK. PANAM FORESEES PROBLEMS IN WORKING OUT DEAL WITH VASP IN THAT LATTER AIRLINE'S JET FLEET CONSISTS OF 737S AND ACQUISITION OF 727 MEANS VASP WOULD HAVE TO STOCK SPARE PARTS AND UNDERTAKE MAINTENANCE FOR SMALL NUMBER OF UNFAMILIAR AIRCRAFT. TRANS-BRAZIL, ON THE OTHER HAND, HAS A 727 FLEET AND UTILIZING ADDITIONAL AIRCRAFT OF SAME TYPE WOULD APPEAR TO BE A MORE ECONOMICAL MEANS OF CONDUCTING CHARTERING OPERATION. PANAM PLANS TO HOLD DISCUSSIONS THEREAFTER WITH TRANS-BRAZIL IN THE EVENT THAT IT DECIDES TO UTILIZE DOMESTIC CHARTERING FOR ACCESS TO CONGONHAS. RAUSCHENPLAT ALSO STATED THAT NO CHARTERING OPERATION WOULD BEGIN BEFORE DEC 31, 1975.

3. RAUSCHENPLAT RECEIVED REPORT THAT VARIG AND CRUZEIRO DO SUL ARE PUSHING FOR A UNIFORM FLAT CHARTER RATE FOR DOMESTIC CHARTERING. ACCORDING TO RAUSCHENPLAT FLAT RATE WOULD BE BASED ON 80 (EIGHTY) PERCENT OCCUPANCY TIMES NORMAL FARE POINT TO POINT. (THIS IS RATE CURRENTLY PREVAILING IN DOMESTIC CHARTERS.) HE STATES THAT THIS FORMULA WOULD MEAN COST OF FORTY THOUSAND DOLLARS WEEKLY TO OPERATE ONE 727 BETWEEN GALEAO AND CONGONHAS AND IS PROHIBITIVE. RAUSCHENPLAT ALSO CLAIMS THAT SUCH A FLAT RATE IS NOT IN LINE WITH NORMAL CHARTERING PRACTICES WHICH GENERALLY CONSIST OF A FIXED PROFIT PERCENTAGE ABOVE COST. IN HIS VIEW, HIGH FLAT RATE WOULD HAVE EFFECT OF NEGATING DAC DECISION TO PERMIT DOMESTIC CHARTERING. (COMMENT: ROCHA OF FONOFF'S TRANSPORTATION DIVISION STATED ON AUGUST 25 THAT CERNAI PRESENTLY WORKING ON A RATE THAT WILL CONTAIN A MINIMUM FEE, BUT WILL BE LIMITED OFFICIAL USE

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PAGE 03 BRASIL 07436 261349Z

BASED ON A PERCENTAGE ABOVE COST, AND WILL NOT BE A FLAT RATE BASED ON EIGHTY PERCENT OF OCCUPANCY.)

4. RAUSCHENPLAT IS CONCERNED OVER WHAT HE SEES AS ESCALATION IN CONTROVERSY OVER ACCESS TO CONGONHAS. HE CLAIMS PANAM WAS NOT CONSULTED IN ISSUANCE OF CAB ORDER TO VARIG AND THAT IT WAS A MISTAKE TO CITE PANAM'S GRIEVANCE IN

THE ORDER AS ONE OF THE BASES FOR ISSUANCE. RAUSCHENPLAT SAYS HE HAS BECOME PERSONA NON GRATA AT DAC WHICH HAS INFORMED HIM TO SUBMIT ALL REQUESTS TO THEM IN WRITING. (PREVIOUSLY MUCH HAD BEEN DONE THROUGH INFORMAL VERBAL CONTACT.)

5. RAUSCHENPLAT ALSO STATED HE HAS REQUESTED PANAM HEADQUARTERS TO SUGGEST THAT THE CAB AND THE DEPARTMENT ISSUE INSTRUCTIONS FOR EMBASSY AND CONGEN OFFICERS TO ACCOMPANY HIM ON VISIT TO CERNAI AND DAC IN EFFORT TO SETTLE CONGONHAS ISSUE INFORMALLY AND ELIMINATE THE NEED FOR CONSULTATIONS. CONGEN OFFICERS REPLIED THAT IT MAY BE TOO LATE TO TRY AND HEAD OFF CONSULTATIONS. FIRST, DEPARTMENT WISHED TO DISCUSS OTHER ISSUES, INCLUDING FUEL TAX PROBLEM. SECOND, BRAZILIANS HAVE TAKEN BIT IN THEIR TEETH AND NOW SEE CONSULTATIONS AS DESIRABLE. (COMMENTGC PAN M HAS NO DESIRE TO SEE TIA AND OTHER CHARTER OPERATORS BENEFIT FROM FUEL TAX EXEMPTIONS OR INCREASED QUOTAS FOR CHARTER FLIGHTS.)

6. COMMENTS: CONGEN RIO COMMENTS THAT RAUSCHENPLAT APPEARS TO HAVE UNDERGONE MARKED CHANGE IN ATTITUDE. TONE OF HIS PRESENTATION WAS MUCH LESS AGGRESSIVE THAN IN THE PAST AND HE APPEARS GENUINELY FEARFUL THAT VARIG FAILURE TO COMPLY WITH CAB ORDER WOULD ULTIMATELY LEAD TO DAC RETALIATION AGAINST PANAM. HIS COMMENTS REGARDING PANAM NEGOTIATIONS WITH VASP AND TRANS-BRAZIL APPEAR LIMITED OFFICIAL USE

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PAGE 04 BRASIL 07436 261349Z

TO INDICATE NEW FLEXIBILITY OF PANAM'S POSITION ON CONGONHAS. DOMESTIC CHARTERING MAY NOT BE THE BEST SOLUTION FROM PANAM'S POINT OF VIEW BUT RAUSCHENPLAT GAVE IMPRESSION TO CONGEN RIO THAT AIRLINE NOW APPEARS WILLING TO LIVE WITH IT.

7. RAUSCHENPLAW CONFIRMED EMBASSY SUSPICIONS THAT PANAM IS INTERESTED IN FIFTH FREEDOM TRAFFIC BETWEEN CONGONHAS AND POINTS SOUTH SHOULD PANAM BE ALLOWED TO OPERATE ITS OWN AIRCRAFT OUT OF GALEAO. IN FACT, RAUSCHENPLAT STATED PANAM MAY WISH TO COMMENCE NEW ROUTE IN THE SPRING OF 1976 BETWEEN NEW YORK, RIO/SAO PAULO AND BUENOS AIRES WITH SAO PAULO BOUND PASSENGERS GETTING OFF AT GALEAO TO TAKE DOMESTIC CHARTER TO CONGONHAS FOR

NATIONALIZATION THERE.
CRIMMINS

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